



building byelaws concerning development and housing projects to provide single window based quick approvals in order to reduce transaction costs;

10.2.4. Amendments in the Rent Control Act balancing the interest of landlords and tenants

11. Central Government and Innovative Projects Fund: 10% of the proposed RAY allocation will be earmarked for development/ redevelopment/ rehabilitation of slums on lands of Central Government/Central Government Undertakings/ Autonomous bodies created under Acts of Parliament and for Innovative/Special projects.

11.1. Projects for slums on Central Government Land: Slums located on lands of Central Government/Central Government Undertakings/Autonomous bodies created under the Act of Parliament are also eligible for funding. The land owning agencies will have the discretion to prepare DPR on its own or in partnership with States/UTs and concerned ULBs. In case, DPR is prepared by the land owning agency on its own and no State/UT share is envisaged, then DPR may be directly submitted for consideration to the Ministry. If DPRs are prepared in partnership with States/ULBs, process of submission as enunciated in para 7.2.9 would be followed.

Funding pattern and process involved would be similar to those applicable for the States/UTs under RAY.

11.2. Innovative Projects: States/UTs are encouraged to come up with innovative projects for which fund is earmarked. The key objective is to incentivize innovation and encourage new approaches and solutions to improve the quality and quantity of shelter and services for the urban poor/slum dwellers. The innovative approaches may include:

- Innovations in planning, demonstrating integrated livelihoods, shelter and services or convergence
- Innovative or cost effective and green building design and technologies
- Financial innovation in the delivery of city/state wide programmes (e.g. community fund, incremental savings etc.)

Funding pattern and process involved would be similar to those applicable under RAY.



12. Affordable Housing in Partnership (AHP) Scheme:

In order to increase affordable housing stock, as part of the preventive strategy, Affordable Housing in Partnership (AHP) will be implemented as part of the scheme. Central support will be provided at the rate of ₹ 75,000 per EWS/LIG DUs of size upto 40 sqm. for housing and internal development components in affordable housing projects taken up under various kinds of partnerships. A project size of minimum 250 dwelling units will be considered under the scheme. The DUs would be a mix of EWS/LIG-A/LIG-B/Higher Categories/Commercial of which at least 60 percent of the FAR/ FSI will be used for dwelling units of carpet area of not more than 60 sqm. Detailed Guidelines for AHP scheme are issued by MoHUPA separately.

13. Access to Credit:

It is widely recognised that significant credit is not flowing from banks and financial institutions to the urban poor for housing. Following measures are undertaken to improve access to credit for EWS/LIG housing:

13.1. Rajiv Rinn Yojana (RRY)

The Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) is proposed to be continued as a Central Sector Scheme and be called **Rajiv Rinn Yojana (RRY)** in the 12th Plan period. It will provide interest subsidy of 5% on long tenure loans of 15-20 years limited to ₹ 5 lakh borrowed by the EWS/LIG; with ceiling of ₹ 8 lakh loan for LIG making housing loan cheaper for this segment. Projects and beneficiaries getting assistance under RAY would also be eligible for assistance under RRY. Detailed Guidelines for RRY are issued by MoHUPA separately.

13.2. Credit Risk Guarantee Fund (CRGF)

13.2.1. A Credit Risk Guarantee Fund has been created to guarantee the lending agencies for loans to new EWS/LIG borrowers in urban areas seeking individual housing loans not exceeding a sum of ₹ 5 lakh for a housing unit of size upto 430 sqft (40 sqm) carpet areas without any third party guarantee or collateral security. The fund is operated by National Housing Bank.

13.2.2. The CRGF would enable the lending institutions to avail coverage upto 85% for loans from ₹ 2 lakhs to ₹ 5 lakhs and 90% in case of loans upto ₹ 2 lakhs. Further, it also benefits lending institutions by way of reduced risk weightage and



provisioning norms as allowed by RBI for such loan guaranteed by the CRGF.

13.2.3. The CRGF is expected to catalyse a flow of credit to the low income housing sector and create enabling environment for creation of affordable housing stock.

14. Release of Central Assistance

14.1. Indicative State wise allocation will be made based on urban population, estimated slum population or other suitable criteria as may be decided by the Ministry. Spill-over liabilities under JNNURM and RAY preparatory phase will also be taken into account.

14.2. Release for various activities leading to preparation of SFCPoAs would be made city wise through States/UTs in two instalments. The first instalment would be released after approval of the proposal for these activities submitted by the cities through States to CSMC. Second instalment will be released after receipt of Utilization Certificate (UC) for at least 70% of the earlier central release by the cities through State Governments. State share, as applicable, will also have to be released to the cities before claiming second instalment.

14.3. Funds related to Technical cells shall be released as follows:

14.3.1. States/UTs will be required to submit annual requirement for State level technical cells (SLTCs) including professional fees. Funds will be released in two instalments to States/UTs. First instalment will be released on the basis of the proposal submitted by States/UTs and second on receipt of 70% utilisation of the previous central share released for the purpose along with receipt of matching State/UT share.

14.3.2. Similarly, funds would be released to selected cities through States/UTs on the basis of the annual requirement, submitted for CLTCs, in two instalments. First instalment will be released on the basis of proposal submitted by the city while the second will be released on receipt of city wise utilisation of 70% of earlier fund release.

14.4. Central funds for project implementation in selected slums will be released in three instalments in the ratio 40:40:20:

14.4.1. The first instalment of 40% will be released to States/UTs following the sanction of DPRs by the CSMC.



- 14.4.2. Subsequent instalments will be released after Utilisation of 70% of the earlier central release along with State/ULB matching share is received.
- 14.4.3. Last instalment of 20% will be released on full receipt of State/ULB/beneficiary share and implementation of agreed reform agenda as per the MoA.
- 14.4.4. Central share for the O&M fund will be released with the last instalment.
- 14.4.5. Projects approved in pilot phase may also migrate to this pattern of fund release.
- 14.4.6. Interest accrued on the unutilised funds at the disposal of States/UTs will be adjusted as per directions issued by Department of Expenditure, Ministry of Finance from time to time.
- 14.5. States/UTs will identify agencies for the third party inspection and monitoring and will prepare annual action plan for TPIMA visits as mandated (para 17.4) in the scheme. Funds will be released in two instalments to the States for this purpose; first on receipt of the annual action plan. Final instalment will be released on receipt of undertaking of satisfactory performance by SLNA and 70% utilisation of earlier central release along with receipt of State/UT share.
- In case of Central Monitoring Agencies (CMA) appointed by the Ministry, funds will be released to these agencies by MoHUPA as per the agreed terms and conditions.
- 14.6. Charges for appraisal to the Appraisal Agencies will be released on reimbursement basis as decided by CSMC.
- 14.7. States/UTs will identify agencies for undertaking Social Audits and will prepare annual action plan for the identified projects. Funds will be released in two instalments to the States for this purpose; first on receipt of the annual action plan. Final instalment will be released on receipt of final report and 70% utilisation of earlier Central release along with performance report from State/UT.
- 14.8. Funds for capacity building will be released in two instalments to the training institutes as selected by the Ministry. Ministry will prepare annual training calendar in consultation with States/UTs and the training institutes. First instalment will be released on approval of the annual training calendar by Secretary (HUPA) and the final instalment on receipt of 70% of utilisation of earlier release.



15. Project Appraisal and Approval of Projects

- 15.1. States/UTs would submit proposal for the selected slums and cities with the approval of SLSMC to the Central Government.
- 15.2. Appraisal Agencies appointed by the Ministry (BMTPC, HUDCO) would appraise the DPRs submitted. Appraisal agencies will submit their appraisal reports with their comments and recommendations to the RAY Mission Directorate.
- 15.3. SFCPoAs prepared for selected cities will be submitted to RAY Mission Directorate. The Mission Directorate will appraise the SFCPoAs before placing it to CSMC for consideration and acceptance.
- 15.4. Central Sanctioning and Monitoring Committee will be the sanctioning authority for projects upto ₹ 100 crores.
- 15.5. Projects costing above ₹ 100 crore but less than ₹ 300 crores will be sanctioned with the approval of the Minister for Housing and Urban Poverty Alleviation, on recommendation of CSMC.
- 15.6. Projects costing upto ₹ 500 crores will be sanctioned with the approval of the Minister for Housing and Urban Poverty Alleviation and Finance Minister on recommendation of CSMC.
- 15.7. All projects costing above ₹ 500 crore will be approved by the competent authorities as envisaged in Ministry of Finance (Department of Expenditure) O.M. No.1 (26)-E. II(A)/2002 dated 21.12.2002 as amended from time to time.

16. Administration and Implementation Structure

The Programme will have a three-tier interdependent structure.

16.1. At National Level

- 16.1.1. National Steering Committee (NSC) already constituted under the chairpersonship of the Hon'ble Minister for Housing and Urban Poverty Alleviation, GOI, under RAY preparatory phase will continue to be NSC for RAY implementation phase (composition at Annexure III). The NSC is the policy-making body setting overall vision and direction to the Mission, consistent with



the national objectives. It will lay down priorities and review overall progress and development of the Mission.

16.1.2. The Central Sanctioning & Monitoring Committee (CSMC) already constituted under the chairpersonship of Secretary, MoHUPA, under the RAY preparatory phase will continue to be the CSMC under RAY implementation phase. CSMC will oversee the activities of the Mission and will approve/consider the SFCPoAs and projects submitted for slum redevelopment/ upgradation/relocation. The Committee ensures smooth functional linkages between different Missions, Ministries/Departments, etc. The Chairperson of the CSMC may nominate additional members to the Committee as per requirement. The composition of CSMC is at Annexure IV.

16.1.3. Mission Directorate (MD) formed under the Ministry to implement JNNURM is renamed as MD for RAY & JNNURM. This MD will implement RAY as per the direction and supervision of NSC and CSMC. The MD would be headed by Joint Secretary. The Mission Director will be supported by appropriate staff and a Programme Management Unit (PMU).

16.2. At State Level

16.2.1. State level Sanctioning and Monitoring Committee (SLSMC) established during the RAY preparatory phase under the Chairpersonship of Chief Minister of respective States/UTs, will continue to be the SLSMC for implementation phase. SLSMC will decide the priority of States/UTs with respect to projects and recommend the selected projects for consideration of the Ministry. The composition of SLSMC is at Annexure V.

16.2.2. Each State/UT will identify a State Level Nodal Agency (SLNA) under RAY wherein a State level Mission Directorate will be set up for RAY for coordination of the scheme and reform-related activities. Under RAY preparatory phase, States/UTs which have already identified SLNAs may continue with the existing set-up.

16.2.3. The State Mission Directorate should be supported by a State Level Technical Cell (SLTC). It is suggested to have the experts in the following fields on contract basis:



- MIS – 1
- GIS – 1
- Town Planning – 1
- Social Development – 1
- Project/Engineering – 1 and
- Capacity Building/Training -1

States have the option to engage experts/specialists of any other relevant field as may deem necessary. PMU sanctioned under JNNURM component of MoHUPA shall be merged with the proposed SLTCs. Under both JNNURM component of HUPA and RAY, Ministry will support a maximum of 6 resource persons and extend assistance to States on 50:50 basis.

16.3. At City Level

16.3.1. A city level Mission for selected cities should be set up under the chairpersonship of the Mayor or Chairman of the ULB as the case may be.

16.3.2. The City level Mission should be supported by a City Level Technical Cell (CLTC) suggested to have the experts on contract basis as recommended for SLTCs explained in para 16.2.3 above. PIU sanctioned under JNNURM for the city should be merged with the proposed CLTC. Under both JNNURM component of HUPA and RAY, Ministry will support a maximum of 6 resource persons and extend assistance to cities as per the applicable sharing pattern.

16.3.3. If State Capital and city of intervention is same and population of the City/UA is less than 5 lakh, States/UTs may decide to constitute a common technical cell for both State and city.

16.3.4. For other smaller cities, States/UTs in consultation with cities may decide to constitute CLTCs on a cluster basis. In such cases, States/UTs should create a necessary coordination mechanism.

16.4. Suitable grievance redressal system will be set up at both State and City level to address the grievances from various stakeholders including Central Government.

16.5. At Community Level

It would be essential for the implementing agencies to establish the structures necessary for community participation in various processes and activities under the



scheme. The participation and involvement of the slum dwellers from the stage of survey and planning through implementation and concurrent social audit of RAY are critical. To ensure community participation, cities are expected to create Slum Dwellers Association at each selected slum level and Slum Dwellers Federation at the city level. Community Structures created under National Urban Livelihood Mission (NULM) e.g. self help groups, area level federations and city level federations may also be used for this purpose.

17. Monitoring & Evaluation

- 17.1. RAY will be monitored at three levels: City, State and Central Government.
- 17.2. States/UTs/Cities/training agencies would be required to report to the Mission Directorate as prescribed by the Ministry.
- 17.3. The web based Integrated Poverty Monitoring System (IPoMS) developed by Ministry of Housing and Urban Poverty Alleviation (MoHUPA) for monitoring projects sanctioned under JNNURM shall be used to monitor and track progress of projects sanctioned under RAY. IPoMS has been strengthened to include pre-approval tracking system for project submitted under RAY, enabling submission of appraisal reports of the projects and for submitting field visit reports by TPIMA. Details of the IPoMS are at Annexure VI.
- 17.4. Monitoring of quality of projects executed by the implementing agencies will be done through Third Party Inspection and Monitoring Agency (TPIMA) at both Central and State level. At the State level, TPIMA would undertake desk review and field visits. Central assistance for this purpose will be limited to 3 visits including desk review while the States/Cities are free to include more field visit by TPIMA as may deem necessary. Each State/UT will report the progress of TPIMA on a quarterly basis through IPoMS. Ministry will be free to appoint Central Monitoring Agencies (CMA) at its discretion to monitor progress and quality of projects. Quality Assurance Manual will be issued by MoHUPA separately.
- 17.5. Monitoring of projects by States/ULBs should be done by conducting concurrent Social Audits during the project implementation in conformity with guidelines issued separately. It is recommended to undertake Social Audits for 5-10% of the sanctioned/ approved projects in each State/UT.





Annexure I

(Ref para 8.8)

RAJIV AWAS YOJANA (RAY)

Memorandum of Agreement (MoA)

Between

**The Ministry of Housing and Urban Poverty Alleviation
(Government of India)**

and

**The State / Union Territory Government of (Name of the State /
Union Territory)**

through

**Department of Urban Housing / Urban Development (concerned
department)**

Dated:





Memorandum of Agreement (MoA)

THIS AGREEMENT is made on this _____ day of _____ (month), 201__ (year) between the Government of India, through the Ministry of Housing and Urban Poverty Alleviation, hereafter referred to as First Party;

AND

The State/UT Government of _____ (name of the State/UT) through its Hon'ble Governor/Administrator, hereafter referred to as Second Party;

WHEREAS, the Second Party shall participate with the First Party, for carrying out its responsibilities under the Rajiv Awas Yojana (RAY);

AND WHEREAS the First Party and the Second Party have agreed to abide by the 'Scheme Guidelines', 'Reform Guidelines' and other 'Operational Guidelines' of the RAY, issued by the First Party;

AND WHEREAS the Second Party has agreed to implement the mandatory reforms as prescribed in the 'Reform Guidelines' of the RAY, issued by the First Party, whether at the level of the State/UT Government or the Urban Local Body, as the case may be, with timelines, as indicated in detail at Annexure 'A';

AND WHEREAS the First Party has considered the documents mentioned in Annexure 'A' and Annexure 'B' and found them consistent with the goals and objectives of the RAY.

NOW THE PARTIES WITNESSED as follows:

1. That the First Party shall release its share of central financial support as per the 'Scheme Guidelines' in the proportion as specified under the head 'Funding Pattern' and in the manners as specified under the head 'Release of Central Assistance', issued by the First Party, upon signing of this Memorandum of Agreement (MoA) and submission of the above mentioned documents, which are annexed with the agreement as Annexure 'A' and Annexure 'B'.



2. That the Second Party shall abide by its share of financial support as per the 'Scheme Guidelines' in the proportion as specified under the head 'Funding Pattern' issued by the First Party.
3. That the First Party shall not bear any escalation to the project cost due to any delays in execution or otherwise, and shall be borne by the Second Party and/or the Urban Local Body, as agreed to between them.
4. That the Second Party shall endeavour to implement the optional reforms as prescribed in the 'Reform Guidelines' of the RAY, issued by the First Party, whether at the level of the State/UT Government or the Urban Local Body, as the case may be, with timelines, as indicated in detail at Annexure 'B', and States/UTs carrying out the said optional reforms, will be eligible to pose projects for funding in the manner and for purposes as specified under the head 'Reform Incentive Fund' of the 'Scheme Guidelines' issued by the First Party.
5. That the Second Party has agreed to enter into a Memorandum of Agreement (MoA) with every Urban Local Body, implementing the RAY, for carrying out their responsibilities under the RAY, including financial support as per the 'Scheme Guidelines' in the proportion as specified under the head 'Funding Pattern' issued by the First Party;
6. That the Second Party shall set-up the 'Administrative and Implementation Structure' as specified in the 'Scheme Guidelines' of the RAY issued by the First Party.
7. That the Second Party shall comply with 'Monitoring and Evaluation' mechanisms and procedures as specified in the 'Scheme Guidelines' of the RAY issued by the First Party, including carrying out of 'Social Audit' and 'Third Party Inspection and Monitoring'.
8. That the Second Party, while implementing the RAY, shall adhere to the transparent procurement mechanisms as mandated by the State/UT Government or the Urban Local Body, as the case may be.
9. That the Parties to the agreement further covenant that in case of a dispute between the parties the matter will be resolved through mutual discussion.
10. That in case there is any delay in the implementation of the reforms agenda or submission of any periodic reports etc. by the Second Party, due to the circumstances beyond the



control of Second Party i.e. *Force Majeure*, or any other person, the decision on the matter of extension of time for the implementation of the goals and objectives of the RAY shall be at the discretion of the First Party.

11. That in case of any breach regarding the terms and conditions of the RAY, the First Party shall be entitled to withhold subsequent instalments of the central assistance.

IN WITNESS THEREOF, all the parties have signed on these presents of Memorandum of Agreement in the presence of witnesses.

SIGNATORIES:

1. For Government of India through the Ministry of Housing and Urban Poverty Alleviation (First Party)

2. For Government of (Name of State/UT) (Second Party)

WITNESSES:

1. _____

2. _____

**Mandatory Reforms**

Sl No.	Reform (Either through Executive Order/ Notification/Legislation) (Either through Executive Order/ Notification/Legislation)	Year 1 (13-14)	Year 2 (14-15)	Year 3 (15-16)	Year 4 (16-17)
1.	Commitment and willingness to assign mortgage-able and renewable long-term (15 years) inheritable lease rights to slum dwellers who have been a resident of the slum for more than 5 years.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Reservation of 15% of residential FAR/ FSI or 35% of dwelling units for EWS/ LIG categories whichever is higher, with a system of cross-subsidisation in all future housing projects in accordance with guidelines to be prescribed by the first party.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	A non-lapsable earmarking of 25% of the budget of the Municipality to provide basic services to the urban poor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Creating and establishing a municipal cadre for social/community development and urban poverty alleviation during the plan period.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>